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**RELATIONSHIP BETWEEN ENTREPRENEURIAL OPTIMISM AND
ENTREPRENEURIAL ASSETS**

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<p>Abstract</p> <p>The aim of this study is to explore the relationship between entrepreneurial optimism and entrepreneurial assets, during the opportunity formation process. Entrepreneur is the central component in the entrepreneurship process. Much research has been done on external influences like environments and economics on the entrepreneurial process. However, comparatively less attention is given to the entrepreneur itself and to the intangible strengths and assets possessed by the entrepreneur. The primary aim and goal of our study is to evaluate if the intangible strengths and assets that an entrepreneur possesses, influences entrepreneurial optimism. A secondary goal is to study and test the hypothesis of over optimistic in entrepreneurs.</p> <p>The study draws on literature available for entrepreneurial optimism, opportunity formation and factors influencing optimism to develop a conceptual model. The constructionist approach to opportunity formation is identified and relied upon to examine the various factors that are identified from literature, which influence entrepreneurial optimism. Entrepreneurial assets namely, relevant knowledge, prior experience, educational background and networks are employed to understand if these create and drive entrepreneurial optimism. Qualitative analysis is chosen for the research purpose which is a suitable research method for the perceptual understanding of the optimism phenomenon. Six entrepreneurs were identified, and empirical data obtained from semi structured interview process. Thematic analysis is performed on the empirical data to arrive at important findings. The empirical findings are then compared to the findings from literature review, in order to arrive at the research conclusions and findings.</p> <p>The results of the study indicate that entrepreneurial optimism is created and driven by relevant knowledge, networks, prior work experience and educational background. The results also found prevalence of over optimism among entrepreneurs. It is found that entrepreneurs believe that other entrepreneurs are more overly optimistic in comparison to themselves. It is also found that prior entrepreneurial experience may or may not create optimism depending on the success of past ventures.</p> <p>This study contributes to existing knowledge on entrepreneurial optimism while making important contributions to its relationship with entrepreneurial assets. Altogether the study encourages future studies in the area of entrepreneurship as a research area.</p>			
Keywords optimism, entrepreneur, opportunities, assets, knowledge, networks, prior experience, over optimism			
Additional information			

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1. INTRODUCTION

Entrepreneurship as an area of research is new in comparison with some of the other conventional areas. The growth in economy and the liberalization of global markets over the last few decades have rendered continual growth in entrepreneurs and start-ups. Interestingly, the entrepreneurship process is quite complex. The percentage of individuals taking the entrepreneurship path and the percentage of start-ups that are successful is low. This nature of entrepreneurship makes it an important area for research and an opportunity to contribute significantly through findings and results.

1.1. Research background

It is a well-established fact that few start-ups go the full course and become successful ventures. For example, Forbes, in their 2015 article notes that 90% of all start-ups fail. It is noted that only a specific segment of individuals tend to pursue the entrepreneur path. In the literature review which is captured in subsequent sections; optimism and motivation come out as key points when trying to understand as to why only few individuals become entrepreneurs and end up pursuing their ideas. Additionally, entrepreneurship process is influenced by various forces. External forces like the nature of the markets and internal forces like entrepreneurial behavior and decisions can influence the entrepreneurship process. The qualities and the assets that an entrepreneur possesses play a critical role throughout the entrepreneurship process, all the while influencing entrepreneur behavior and perceptions. Our study would like to understand the relationship between the assets specific to an entrepreneur and the nature of the resulting optimism. Description on the entrepreneurial assets is covered in the literature section. Some research has already been done in the area of optimism towards entrepreneurial opportunities. Optimism comes across as compensatory force to balance the risks and the possibility of failure which is natural for an entrepreneur. While referencing works of Kirzner (1973) and Schumpeter (1934), Scott Shane & Sankaran Venkataraman in their entrepreneurship journal state that “the exploitation of an opportunity requires the entrepreneur to believe that the expected value of the entrepreneurial profit will be large enough to compensate for the opportunity cost of other alternatives, the lack of liquidity of the investment of time and money, and a premium for bearing uncertainty” Cuervo et al.

(2007, p.179). This will help contribute to understand better the nature of optimism and the reason why entrepreneurial optimism is highly individualistic. Looking at the strengths and assets that are specific to the entrepreneur could reveal insights in this direction.

The study also intends to understand if there is unrealistic optimism among entrepreneurs about an opportunity. Literature supporting prevalent over optimism and unrealistic optimism have also been raised in literature. For example, Entrepreneurs have been found to have a greater disposition to unrealistic optimism than non-entrepreneurs (Paul, Manuel & Deniz, 2007). Next stages of our research will be shaped by building and proceeding further in the above directions.

1.2. Motivation for the research

The primary motivation for this research is to understand the nature of entrepreneurial optimism. There are various areas of entrepreneurship that are yet to be explored. According to Scott Shane there are numerous areas of entrepreneurship that are yet to be extensively researched upon (Scott Shane, 2012). The article “The Promise of Entrepreneurship as a Field of Research” by Scott Shane and S. Venkataraman in the year 2000 clarified the perceptions and research results of entrepreneurship at the time. The subsequent article by Scott Shane in 2012 as a reflection on the article “The Promise of Entrepreneurship as a Field of Research” showcased the developments in the field of entrepreneurship over the decade between the two papers. The above papers also posed many questions and uncertainties. These two papers are primary motivation for our study. There are several references in the papers which implied that optimism and belief of success (higher value & profits) are assumed to be a pre-condition for entrepreneurs to pursue opportunities. While researching the literature on the nexus between opportunities and entrepreneurs, optimism comes out as a key intrinsic factor that exists in field of entrepreneurship. Further analysis of research papers led to the knowledge that many eminent scholars are questioning the levels of optimism among entrepreneurs. Consistent with conjectures regarding entry into self-employment, substantial over optimism is found in nascent entrepreneurs’ expectations about their venture (Cassar G, 2010). There is research found on how optimism affects the start-ups. There is also research found on the relationship

between optimism and success/failure of start-ups. Although very limited research is found on understanding the roots of optimism and about what creates and sustains this optimism. The second motivation for our study is the observations made on entrepreneurs. While interacting with entrepreneurs and reading about entrepreneurs an inherent optimism is evident. It is also observed that most entrepreneurs have a specific background and specific attitude. The secondary motivation for the research is to increase our understanding as to why most entrepreneurs are highly optimistic and why most have similar strengths and assets. Our study would continue the discussion in the direction of previous research on entrepreneurial optimism and the phenomenon of over optimism. Understanding the psychological and behavioral aspects of entrepreneurs, which are highly individualistic is also an important motivation for the research.

1.3. Research problem and research questions

1.3.1. Research problem

Optimistic belief and higher value perception form a critical basis when an entrepreneur must decide about a potential entrepreneurial opportunity. This optimistic belief becomes a precognition to attempt. Most of the times the optimism both precedes and drives other processes like planning and effort. There exists a correlation between the optimism levels and the efforts. Considering the constructionist approach that was proposed by Seymour Papert (1986), individuals interpret a phenomenon, raw data or resources and give it a meaning that is different from other's interpretation. These interpretations are individualistic. Human factors like optimism play a part in these interpretations. These interpretations tend to create optimism. The interpretations that the entrepreneur performs are based on various resources available to the entrepreneur. The resources and data that is at the disposal of an entrepreneur depends on factors like knowledge, networks and experiences. Implying that the optimism dependent on the interpretations based on the resources and the factors. Moving forward in this direction, the research problem that will aid our study is to explore if entrepreneurial optimism has a relationship with resources and intangible competitive assets that the entrepreneur possesses. Additionally, previous research points that entrepreneurs are overly optimistic. For example,

quoting Gavin Cassar, “Further, for those ventures that achieve operation, individuals overestimate the expected future sales and employment” McMullan et al. (2015, p.20). Identifying and examining if entrepreneurs are indeed over optimistic will reveal useful insights to guide our study.

1.3.2. Research questions

The Primary question to guide this study:

Does entrepreneurial optimism depend on entrepreneurial assets?

To be able to answer this question, we need to further understand the nature of optimism, the behavior of entrepreneurs and identify the assets that the entrepreneurs possess. Post identifying these, a framework will be formed from literature review and will act as a basis for this study. There are generally factors that lead to and sustain any phenomenon. Optimism is no different. Considering the subjective nature of optimism, the tendency of it depending on both tangible and intangible factors is high. Not everybody is an entrepreneur. Entrepreneurs have specific qualities and are imbued with specific strengths. Both external and internal factors play important part in shaping an entrepreneur throughout the entrepreneur journey. Availability of important assets could play a big part in creating and driving optimism. Asking this question will help us understand if there is a dependency of entrepreneurial optimism on these assets. Specific factors that lead to optimism can also be answered here.

Identifying if entrepreneurial optimism is influenced by entrepreneurial assets, can open up further questions. If a positive relationship is found between entrepreneurial optimism and entrepreneurial assets, then the question arises about what would happen in the absence of entrepreneurial assets. Implying that if an entrepreneur is optimistic while not possessing ample entrepreneurial assets, then the phenomenon of over optimism becomes intrinsic. Contemplating in this direction the secondary question that will help guide out study is arrived at.

The secondary question for the study:

Are entrepreneurs overly optimistic about their future ventures?

This question is asked, as some studies have suggested that entrepreneurs are overly optimistic (Cassar, 2008). Existence of ungrounded optimism has been mentioned in research papers. Questions are posed at unrealistic optimism (Coelho, 2010). The question will guide us to understand and explain the nature of optimism in the context of start-ups. A well-researched answer to this question will help us understand if over optimism exists abundantly among entrepreneurs. The conceptual framework will help evaluate the level of optimism as either high or low. An answer to this question will lead to multiple future research questions about the impact of over optimism and the possible positive or negative impacts that it bears on the behavior of entrepreneurs and hence eventually on the start-ups. The findings can also aid decision making process.

Answering the above two research questions will shape and guide our research process. Research data will be collected, and methodologies developed to analyze the data, to arrive at results that will help answer the research questions. Interview process will be used to collect data for the research. Interviewees with expertise in the subject matter area will be identified and data collected through scheduled interviews. Multiple methodologies are evaluated to identify the best suited method. Qualitative analysis (Thematic analysis) is chosen as the research methodology. The results from the analysis will contribute to the findings that will help answer the research questions.

1.4. Structure of the thesis

There are 6 main chapters in this thesis.

Chapter 1 (Introduction)

This chapter is the general introduction to the study and phenomenon under research. The chapter provides the necessary introductory background to the concepts and questions under consideration. Research motivation, research gaps and research questions are covered in this chapter.

Chapter 2 (Literature review)

This chapter introduces the research concepts of our study. The concepts are opportunities, opportunity formation, optimism, parameters leading to optimism and over optimism. The section investigates the literature and previous research on the topic and the various results and conclusions from relevant scholars of the field. The final section of this literature review covers the summary of the chapter which lays the foundation for conceptual framework.

Chapter 3 (Conceptual framework)

This chapter is a central binding section of the manuscript. The conceptual framework for the study is developed and explained in this section.

Chapter 4 (Research design and methodology)

The chapter investigates the research design process and the methodology which covers the empirical part of the data analysis. The section consists of three sub sections. The 1st section contains the description of the research method that will be used for the study. This section also covers the reason for choosing the method. The 2nd section covers details of the empirical research design. The 3rd section comprises data collection and interview process.

Chapter 5 (Analysis)

The chapter analyses the data obtained from the interviews and the secondary research data to contribute to the results section. Qualitative analysis is employed in this section to arrive at findings.

Chapter 6 (Discussion & Summary)

This chapter provides the findings for the study. Findings and insights obtained from the research are captured in this chapter. Also captured are theoretical and managerial implications, along with the limitations of the study.

2. LITERATURE

This section conducts the literature review for the study. Important concepts of our study including optimism in entrepreneurs, opportunity formation and factors influencing optimism are reviewed. The review process also identifies and develops relevant themes and ideas that contribute towards the aim of this study. A combination of critical review and adoption of literature is the methodology used during review. The critical review helps to bring out questions and conjectures from the existing literature, while the adoption helps to capture the valuable findings from previous research. The subsection 2.1 discusses the research gaps guide the literature. Subsection 2.2 brings about the nexus between the entrepreneur and the opportunity. Subsection 2.3 concentrates on the process of opportunity formation and the different approaches to opportunity formation. Subsection 2.4 concentrates on entrepreneurial optimism and develops the concepts that will support the study. The entrepreneurial assets are discussed in subsection 2.5. These concepts include the various factors that influence optimism. Subsection 2.6 covers the phenomenon of over optimism and the relationship between optimism and success. The summary section conclusively brings forward the results of the literature review to act as source for subsequent sections of the study. The summary section also provides the themes identified to proceed further towards developing a conceptual framework.

2.1. Research gap

There are two primary research gaps that are seen during the analysis of previous research papers. They are stated below along with the brief description.

1. Previous research largely concentrates on macro environmental factors rather than human factors like motivation and optimism. For example, research has largely concentrated on environmental factors while criticizing much of the existing empirical research on the role of human motivation in entrepreneurship (Scott Shane, Edwin A. Locke, Christopher J. Collins, 2003). When we look at research specific to optimism in this context, it becomes evident that this too has been largely ignored as an important phenomenon in entrepreneurship. Most people are prone to groundless

optimism when faced with economic and managerial decisions and yet economists, managers and policy makers still ignore it or fail to understand its characteristics (Coelho, 2010).

2. The origin of optimism has been largely ignored. The factors on which the entrepreneurial optimism depends on and how it originates is not substantially researched. Substantial research linking the entrepreneurial strengths and assets to optimism has not been found.

These research gaps will be addressed by our research questions by contributing to the literature on human factors like optimism and by contributing to understand the nature of entrepreneurial optimism and entrepreneurial assets. The literature review of nexus between entrepreneur and opportunity sets the platform for this chapter.

2.2. Entrepreneur and the opportunity

Cambridge dictionary defines entrepreneur as “someone who starts their own business, especially when this involves seeing a new opportunity”. An entrepreneur is unique, equipped with a set of beliefs, available resources and prior information. This idea was well captured by (Kirzner, 1997) as, entrepreneur opportunities are existing because different members of the society have different beliefs about the relative value of resources. To recognize an opportunity an entrepreneur must have prior information that is complementary with the new information (Kaish & Gilad, 1987). According to Scott Shane and Venkataraman (2000, p.220) entrepreneurial opportunities are defined as "those situations in which new goods, services, raw materials, and organizing methods can be introduced and sold at greater than their cost of production." Opportunities are unique, they are associated with environments, driven by resources and perceived differently by individuals. At any point of time only some subset of the population will discover the opportunities (Kirzner, 1973). The entrepreneurial opportunities are not obvious to one and all. Given that asymmetry of beliefs is a precognition for the existence of the entrepreneurship opportunities, all opportunities must not be obvious to everyone (Hayek, 1945). Although, an entrepreneur comes out as the centric component in most of the research about entrepreneurship, opportunities form a critical part of the entrepreneurship

process as well. The interrelationship between an entrepreneur and the opportunity is an important theme of our study. The importance of this nexus was identified while reviewing works of Venkataraman. Entrepreneurship involves a nexus of entrepreneur individuals and the opportunities (Venkataraman, 1997). The nexus between the two, is the area of our interest, as the phenomenon of optimism seems inherent here. Understanding the process of opportunity formation would help understand the optimism phenomenon better. It is identified that the existence of an opportunity is a consequence of the difference in the perceived value of the opportunity by different individuals in the environment. In this sub section we are able to establish that opportunities are unique in nature and are dependent on entrepreneur qualities, the availability of resources and prior information. For a deeper understanding of the nexus between the entrepreneur and the opportunity, we will look at the opportunity formation process in the next section.

2.3. Opportunity formation

As understood from the literature, opportunity formation can be defined as the process of framing and exploiting an opportunity is termed as the opportunity formation. Multiple and varied perspectives to define entrepreneurial opportunities are come across during literature review. The area of opportunity formation points at the subjectivity of opportunity and the different factors that are associated with it. To aid our study, we will narrow down to opportunity formation based on the types of approaches that exist for opportunity formation. Based on the type of approach, opportunity formation can be divided into three. Opportunity formation can be looked at through a realist approach, a constructionist approach or the evolutionary style of approach (Acs, Z. J., & Audretsch, D. B., 2003, p 24)

2.3.1. Types of approach to opportunity formation

a) Realist Approach to Opportunity Formation

This approach is based on observable facts. The spine of this approach can be well pointed in the words of August Comte as “the prediction based primarily only on observable terms should be the goal of science”. Objectivity is the basis of this

approach. All entities including tangible and intangible are considered objective. Finding of an opportunity by an individual is termed as an “Event” in this approach. Opportunities are there for the taking, but only for those who possess the qualities necessary both to discover and exploit them (Shane & Eckhardt, 2003). As all components in this view are considering objective, so is an opportunity. Since opportunity is considered objective, naturally it is dependent on well-defined factors. Some of the factors identified during literature review were market imperfections and market economic factors. Opportunities arise from competitive imperfections in markets due to changes in technology, consumer preferences, or some other attributes of the context within which an industry or market exists (Kirzner, 1973). In this approach, not much importance is given to the abilities of the entrepreneur or the process of building an opportunity. It takes a highly objective definition of all entities. Scientific phenomena settle well with this approach. For example, gravity operates constantly, although its effects are not always evident (Ramoglou & Tsang, 2016). Phenomena that can be repeatedly tested and phenomena that is waiting there to be inevitably discovered appears to fall into this approach. Although this approach does have benefits, at this point it does not appear to be the ideal approach that will be useful in researching a perceptual and subjective phenomenon like optimism.

b) Constructionist Approach to Opportunity Formation

This approach concentrates on the subjectivity of interactions and interpretations. In this approach rather than an “event” the “individual” forms the key component. In a constructionist approach of opportunity formation individuals create realities and then mold their actions to these realities (Katz & Gartner, 1988). For the exploitation of the opportunity in this approach, the literature review pointed the significance of the environment, knowledge and the resources at hand. The entrepreneur “designs the future” based on the environment and the resources available to the entrepreneur (Baker & Nelson, 2005). This approach appears to give importance to the qualities and abilities of the entrepreneur. From the definition of the approach it is understood that there is no existing opportunity awaiting to be discovered, rather the opportunity is built step by step depending on the abilities of the entrepreneur and the nature of the entrepreneur’s interactions. Interpersonal skills and interpretations seem to contribute to the opportunity itself. Innovative start-ups can be deduced to fall into

this approach. As innovative start-ups are highly dependent on how the entrepreneur perceives the idea and gives shape to it based on his/her own interpretations. The approach has many benefits, and at this point it does appear to be better suited than realist approach that to be useful in researching a perceptual and subjective phenomenon like optimism.

c) Evolutionary Realist Approach to Opportunity Formation

The evolutionary approach looks to get the best of both the realist and constructionist approach. Scholars suggest that the evolutionary perspective maintains the strengths of both the realist and constructionist perspective and at the same time avoids the problems of fragmentation (Acs, Z. J., & Audretsch, D. B., 2010). Synonymous with the “event” and “individual” for the realist and constructionist approach respectively, there is “action” component for this approach. This approach takes into consideration both the constructionist perspective of knowledge and the objective perspective of realist approach. According to Campbell (1974) “there is a reality that is independent of an individual’s perception and that this reality plays a part in the selection and editing of individual’s belief and perceptions” (Acs, Z. J., & Audretsch, D. B., 2010, p 24). Technology start-ups and opportunities appear to fit into this approach. As there is the existence of a potential opportunity due to the development of the direction of technology, identification of which depends on the individual’s perceptions. This approach is well accepted by numerous scholars for its claimed ability to counter the negatives aspects of the realist and constructionist approach. A feedback relationship between the individual’s action and the reaction from the market is deemed existent in this approach. The approach is a contender at this stage to be considered for our study.

All three approaches were evaluated for the suitability to our study based on their pros and cons. Owing to the highly individualistic and perceptual nature of optimism and the intangible nature of the entrepreneurial assets that is identified in our study, the *constructionist approach* to opportunity formation is chosen to guide our study further. Identifying the opportunity formation approach for our study is important, as this approach will be used as a platform to understand the relationship between entrepreneur and the opportunities. Entrepreneurial optimism is identified to

exist the process of opportunity formation for the purpose of study. We will look at the literature for entrepreneurial optimism in the next section.

2.4. Entrepreneurial optimism

As per clinical psychological review, optimism is an individual difference variable that reflects the extent to which people hold generalized favorable expectancies for their future (Carver, Scheier, and Segerstrom 2010). Entrepreneurial optimism can be defined as the optimism that an entrepreneur possesses which acts as a driving impetus to pursue an opportunity and materialize a venture. This section will perform the literature review about the optimism phenomenon specific to entrepreneurs while they enact the process of opportunity formation. A brief analysis of the process of the opportunity formation revealed that not only does a certain level of inherent optimism exist, but also that this optimism drives the opportunity formation process. We will progress in this section by looking at thematic questions and pointers, which will help us understand the nature of entrepreneurial optimism.

Belief seems to play an important role in the level of efforts an entrepreneur invests towards exploiting an opportunity. Research points that a belief that favorable results will happen more frequently in comparison with unfavorable results is predominant amongst entrepreneurs. In the context of effectuation, proposed by (Saras D Sarasvathy, 2003), what individuals do, what they care about, and value is an integral element of entrepreneurship. This favorable belief is termed as entrepreneurial optimism. The relationship between optimism and the entrepreneurial opportunity is symbiotic. Implying that optimism leads to entrepreneurial opportunities and from the other side entrepreneurial opportunities lead to optimism. Optimism and higher perception of the venture value is a good reason for entrepreneurs to pursue new opportunities (Cooper, Woo and Dunkelberg 1988). Entrepreneurial optimism is not a sparse phenomenon, it is found quite extensively and has also been identified by many researchers. There is substantial evidence in many domains that individuals are optimistic (Weinstein, 1980). Another important finding from the literature review is that, some individuals are prone to seeking self-employment than few others. The levels of optimism were found higher for these individuals when compared to the individuals not seeking self-employment. As a reverse hypothesis, it was also found

that individuals having more optimism were prone to self-employment. There have been results implying a mutual want, where self-employment may generate optimism or optimists may be drawn to self-employment (Dawson, De Meza, Henley, Arabsheibani, 2007). In this sub section we briefly looked at the phenomenon of entrepreneurial optimism in context with the opportunities and start-ups. It is found from the literature that entrepreneurial optimism is existing in the opportunity formation process.

2.5. Entrepreneurial assets

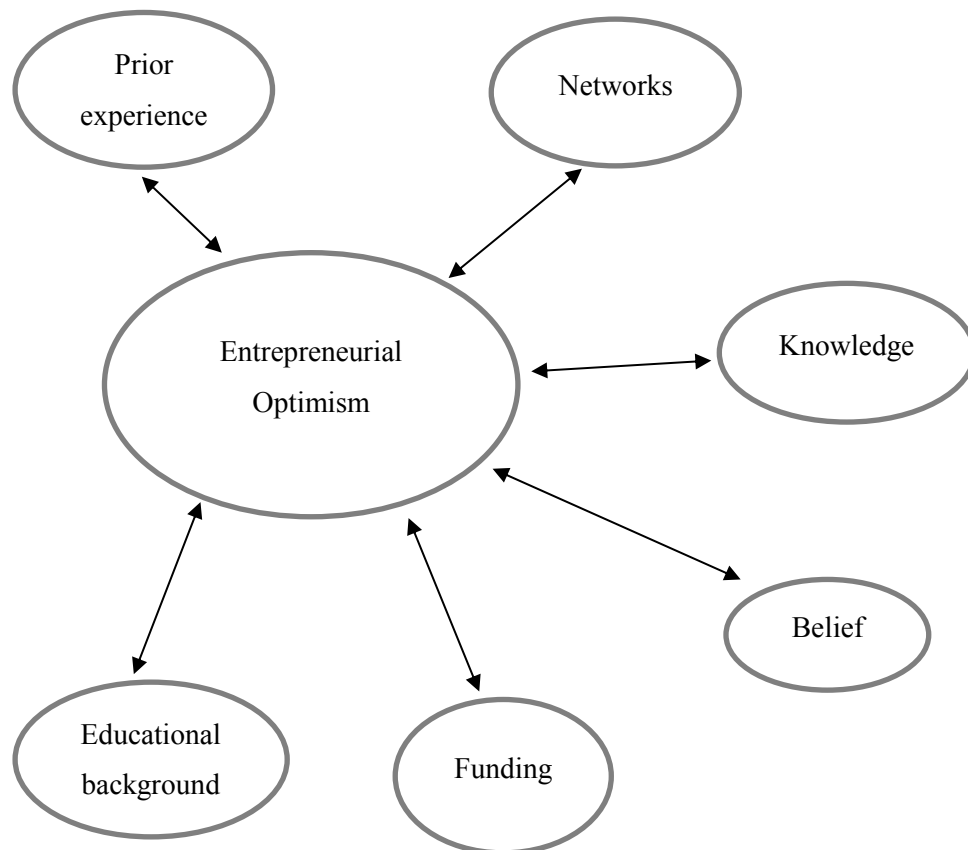
In this section we will look at literature review to understand the various factors that are associated with and influence optimism in entrepreneurs. Initial review of the literature showed that there exist hypothesized connections between optimism and various factors like performance, environments, entrepreneurial experience, social and professional networks, funding and psychology. We will briefly look at some of these factors and their relationship with optimism which will bring us closer to developing the conceptual model. The influences are pictorially captured in figure 1.

Environments: It was found that in dynamic environments, pessimism is found to enhance the positive relationship between entrepreneurial experience and performance. Conversely, in stable environments, optimism is found to enhance the positive relationship of entrepreneurial experience with performance (Hmeileski K, 2007). The type of environments appears to have a direct impact on optimism.

Social background and networks: Literature review suggested that majority of the entrepreneurs are university educated and are actively part of social circles that promote entrepreneurship. Research based on 204 Chinese entrepreneurs finds a positive relationship between social networks and entrepreneurial optimism. Social networks can not only provide entrepreneurs with resources and material support, but also provide psychological and emotional support, which is of great benefit to the mental health of entrepreneurs and their persistence to overcome all kinds of difficulties (Dong Liu, 2017). High volume of entrepreneur population is actively associated with entrepreneur networks that supports and, in some cases, breeds

entrepreneurship. Many entrepreneurs also come from a supportive family and social background. Social environmental factors such as, family background, caste and religion, social mobility and marginality determines entrepreneurial behavior (M.A. Lokhande, 2015).

Figure 1 : Factors influencing entrepreneurial optimism



Previous experience: Individuals with previous entrepreneurial work experience portray a higher positivity towards their ventures and the eventual success or failure. Habitual entrepreneurs will to a larger extent show a positive attitude towards failure than novice entrepreneurs (Diamanto Politis, 2008). Literature in some cases also suggested that individuals with previous entrepreneurial experience tend to be more realistic and rather than outright optimistic. Previous experience is one of the themes that will aid in our research as an important factor.

Funding: Economic factors are arguably the most important external factors that shapes and influence the entrepreneurship process. Capital/Funding naturally was found to have a direct relationship with entrepreneurial optimism as well. One of the research findings suggested that optimistic entrepreneurs often have better credit accessibility and obtain lower cost of financing (Dai, Na et al.,2017)

Knowledge: the literature review suggested that there is a level of education and knowledge that is reached by majority of the entrepreneurs. This sense of achievement may be the reason for higher levels of optimism. The prospective niche zone that the entrepreneurs enter by possessing specific knowledge, instills optimism. Thus, it became evident that optimism is connected to the entrepreneur's knowledge.

To aim with the study, it was identified that entrepreneurial optimism is associated and, in some cases, driven by the knowledge possessed by the entrepreneur, the prior experience of the entrepreneur. It was evident that entrepreneurial optimism is also closely associated with the social and educational background of the entrepreneur and the professional and social networks that the entrepreneur exists in. Establishing the influence of the entrepreneurial assets and factors on entrepreneurial optimism is an important finding to progress our study further.

At this stage of the thesis we have reviewed the literature the is applicable to answer our primary research question. We will look at the phenomenon of over optimism to in the next section to lay the groundwork to answer the secondary research question.

2.6. Over optimism in entrepreneurs

In this section we will look at the literature review of the phenomenon of “over optimism”. During the literature review it was evident that many eminent scholars have researched on the levels of optimism. Research suggests that optimism is a universal psychological phenomenon and that most people breed high levels of optimism in general. For example, research states that most drivers consider themselves better at driving than what they really are. In general majority of people consider favorable results are likely to happen to them in general. Most people may not attach the same weight to potential positive outcomes as to the potential negative outcomes of their actions, referred to as ‘opportunities’ and ‘risks’ in

entrepreneurship literature (De Carolis and Saparito, 2006). Such unrealistic optimism is quite evident in literature with respect to entrepreneurship as well. Entrepreneurs seem to commonly overemphasize the degree to which their potentials and competitive advantages can increase performance in situations where clear chance and luck plays a significant role and the fact that skill is not necessarily the only deciding factor (Simon, Houghton, and Aquino 2000). Over optimism was identified as an intrinsic quality of entrepreneurs. Individuals prefer self-employment over paid employment, not because they are more able than other individuals but because they mistakenly believe that they will beat the odds (Coelho, 2010). The surrounding environment can also play a part in nurturing over optimism. While rationality of entrepreneurial expectations is often assumed in economic models of entry into venturing, researchers acknowledge that individuals are bounded and open to potential influences that may lead to them to have biased expectations (Kahneman & Lovallo, 1993; Kahneman & Tversky, 1973).

The existence of high levels of optimism in entrepreneurs is not only high in a generic sense, but also when compared to optimism in other situations of optimism, it comes out as quite high. Research shows that the process of over generalization and emotional background of entrepreneurs contribute to the over optimism. Entrepreneurs tend to overestimate the probability of being right and mostly over generalize from a few emotionally chosen characteristics or observations significantly more so than managers of large and established organizations (Busenitz and Barney 1997). Although positivity can be a good thing, excess levels of optimism may lead entrepreneurs and business executives to over confidence and unrealistic expectations (Von Bergen, 2011). Implying that excess levels of optimism can be damaging if ignored. Understanding the nature of optimism and having a realistic outlook to optimism rather than over optimism can lead to realistic results and less failures. To find out some of the specific reasons that breed over optimism, we will review with special interest the reasoning put forward by Marta Coelho.

Marta Coelho (2010, pp. 397-408) summarized some of the reasons why entrepreneurs could be more optimistic. The five-point reasoning helps understand the environment and the parameters that nurture optimism and possibly over

optimism. The five-point reasoning of over optimism proposed by Marta Coelho is summarized in table 1.

Table 1: Five-point reasoning for over optimism

Five-point reasoning for over optimism
1. Entrepreneurs usually have most of their assets invested in their businesses, so their degree of commitment or emotional investment in the potential success of their activity is extremely high, making them especially optimistic about the result
2. Individuals are generally more optimistic about outcomes which they perceive are under control, which is natural when setting up a business resulting from one's idea
3. Entrepreneurs tend to underestimate possible negative events
4. Succeeding in business is a "common desirable event" which obviously and most necessarily breeds positive illusions and beliefs
5. As new businesses are unexplored territories, the scope for fantasies & optimism is high

Source: Modified from Marta Coelho (2010)

The table summarizes the reasons for the existence of unrealistic optimism in the entrepreneurial setup. We can see that the reasons are quite diverse ranging from perceptions to the nature of entrepreneurial environment. The generic visible theme is that entrepreneurs tend to undermine the possibility of negative events and the possibility of failure, while assuming the occurrence of positive events and possibility of success. Entrepreneurs invest their assets into their ventures which results in an emotional connect. This emotional connect, as seen from the table, results in the unrealistic optimism. The optimism of entrepreneurs appears to be driven from illusions and fantasies driven by the common desirable event of success.

In the context of our study we were able to identify from the section on over optimism that, over optimism is a well-established phenomenon and exists in most entrepreneurs. To develop the conceptual framework, we will look at "success" as testing tool to evaluate over optimism. Analyzing the relationship between

entrepreneurial optimism and success will help us understand over optimism more objectively.

2.6.1. Relationship between entrepreneurial optimism and success

Understanding if there is distinct relationship between optimism and success of the entrepreneur is important for our study. In many situations during the literature review it was found that performance can be considered as success. For example, Dominika (2010) mentions that within the economic approach to entrepreneurship, the measurement of success is based predominantly on organizational performance indicators such as company survival, sales, profits, employee growth, market share or return on investment". While reviewing the research findings on the relationship between optimism and success with respect to performance, contradicting results were found. On one side it was found that entrepreneurial optimists perform significantly better in terms of profits than pessimists (Aidis, Mickiewicz, Sauka 2008) and that entrepreneur's performance has a positive relationship with optimism (Che, Liao, Redd Wu, 2013). While on the other side, with respect to performance, it was also found that an entrepreneur's performance has a negative relationship with optimism (Hmeileski K, 2009). Existence of excessive optimism may lead to over confidence and failure (Von Bergen, 2011). Summarizing, we find that while researching about performance, no conclusive results were found to connect optimism and success. Other eminent scholars had alternate views including realism as a possible solution to explain success. We note that establishing a conclusive connection or interdependency between optimism and success was not possible based on the literature. Inferring from the previous statement, as there was found no conclusive connection between optimism and success, we conclude that optimism does not guarantee success. And since optimism does not guarantee success, the entrepreneur's belief or assumption of success based only on the assets can prove the existence of over optimism.

2.7. Summary of the literature review

In this section we will summarize the literature review and pave way towards developing the conceptual framework. This sections also captures the themes that

became evident in the literature review. For example, optimism is a highly visible phenomenon when we research the process of opportunity formation by an entrepreneur. We discovered that the process of opportunity formation can be understood by looking at the different ways of approach towards the opportunity. For the purpose of research, we will use constructionist approach to opportunity formation.

The literature review also identified multiple external and internal factors that are associated with entrepreneurial optimism. With respect to entrepreneurial assets, the review on entrepreneurial optimism revealed that the entrepreneurial optimism depended on the entrepreneur's knowledge, prior experience, networks and background. More than the belief in the existence of an unobservable objective opportunity, the belief that possessing competitive advantages like interactions and market knowledge that would result in successful ventures came out as important and significant. Background to many of these assets had their basis in the entrepreneur interactions and the subjective nature of the entrepreneur. Thus, the constructionist approach best fits our study. Contradictory research findings became evident when looking at the relationship between optimism and success. Substantial information to confirm on a direct or inverse relation between the two was not found. The literature review from this section will be used to develop the conceptual framework in the next section. Information from this section will help answer the research questions.

Important themes that are identified in the literature review are listed here for the purpose of connecting them effectively to the conceptual framework section.

- ❖ Optimism is highly evident among entrepreneurs towards an opportunity
- ❖ No direct relationship found between optimism and success of a venture
- ❖ Entrepreneurs are found to have relevant knowledge and prior experience in the area of the opportunity, and optimism was increased by these
- ❖ Educational and social background did play an important part in breeding entrepreneurial optimism
- ❖ Social and professional networks also played an important part in breeding entrepreneurial optimism
- ❖ Entrepreneurs are found to be over optimistic about their ventures

3. CONCEPTUAL FRAMEWORK

In this chapter we will look at the conceptual framework against which the empirical data will be analyzed. The conceptual framework is used as an analytic tool to help organize ideas. The literature review was relied upon to develop the framework. The literature review helped in understanding the nature of optimism to begin with and develop further. The concept of opportunity formation which is an important part of our study was understood in terms of different approaches that are used to create opportunities. Finally, identifying and understanding the factors that influence entrepreneurial optimism gives us the evaluation entities that the study will employ. Earlier literature shows that entrepreneurs do possess specific qualities that are different from others. And that they are comparatively more optimistic than others. Our thesis argues that the specific qualities that the entrepreneur possesses is creating and driving the high levels of optimism.

3.1. Framework development

As identified in the previous sections, opportunities can be formed in different ways and can be understood with different perspectives. Considering constructionist approach to aim our study it was established that the opportunities formed are dependent on the entrepreneur's interpretations of the opportunity, entrepreneur's social interactions and the availability of resources to the entrepreneur. Literature also identified that entrepreneurial optimism depends on various factors like the resources available to the individual, the individual's knowledge, the individual's networking opportunities and the previous experience of the individual. Thus, the optimism portrayed by an entrepreneur and the entrepreneur's behavior and interpretations that results in exploitation of an opportunity depend on some common assets. Out of these assets few were identified for the purpose of our study, including a) prior knowledge b) prior entrepreneurial experience c) educational background and b) networks. Going forward these are collectively termed as "entrepreneurial assets". The interviews are designed to identify which assets in general does the optimism of an entrepreneur depend on. The interviews are also designed to test the dependency on entrepreneurial assets. If the dependency on entrepreneurial assets is positively

confirmed from the research, it can be confirmed that the entrepreneurial optimism is driven by entrepreneurial assets. Additionally, with the same framework we will also be able to check for the levels of optimism. Substantial literature was not found to support that the presence of any of the entrepreneurial assets, guarantees success. Hence, identifying if optimism was driven by the entrepreneurial assets, would confirm the presence of over optimism. Analysis of the interview data will also be used for this evaluation of the optimism levels. The conceptual framework is captured in figure 2.

3.2. Definitions

Entrepreneur: An individual that is involved in the process of opportunity formation and possesses assets that will be used towards creating the individual's start-up

Opportunity: A set of circumstances or a situation that is favorable to aid the creation of a start-up

Opportunity formation: The process of interpreting an opportunity, which depends on the qualities and the nature of the interactions of the entrepreneur. For the purpose of the study, a constructionist view of opportunity formation is employed

Entrepreneurial assets: Assets that an entrepreneur possesses specific to the individual. These assets are used by the entrepreneur in the opportunity construction process.

The below are collectively termed, entrepreneurial assets for the purpose of our study.

- a) relevant knowledge
- b) prior entrepreneurial experience
- c) networks and
- d) educational background

3.3. Framework stages

The framework can broadly be divided into three phases.

Phase 1: In phase 1 the existence of the uniqueness of the entrepreneur interpretations and interactions is confirmed based on constructionist approach. In the constructionist approach, an opportunity does not already exist, but is built/created uniquely by the entrepreneur. From the figure we see that in the opportunity formation process the entrepreneurial assets are key inputs and form an intrinsic part of the process. It is indicated in this phase that the nature of entrepreneurial assets which is unique to the entrepreneur is defining the opportunity itself, through the opportunity formation process. The influence and importance of the entrepreneurial assets on the opportunity formation process is emphasized in this stage.

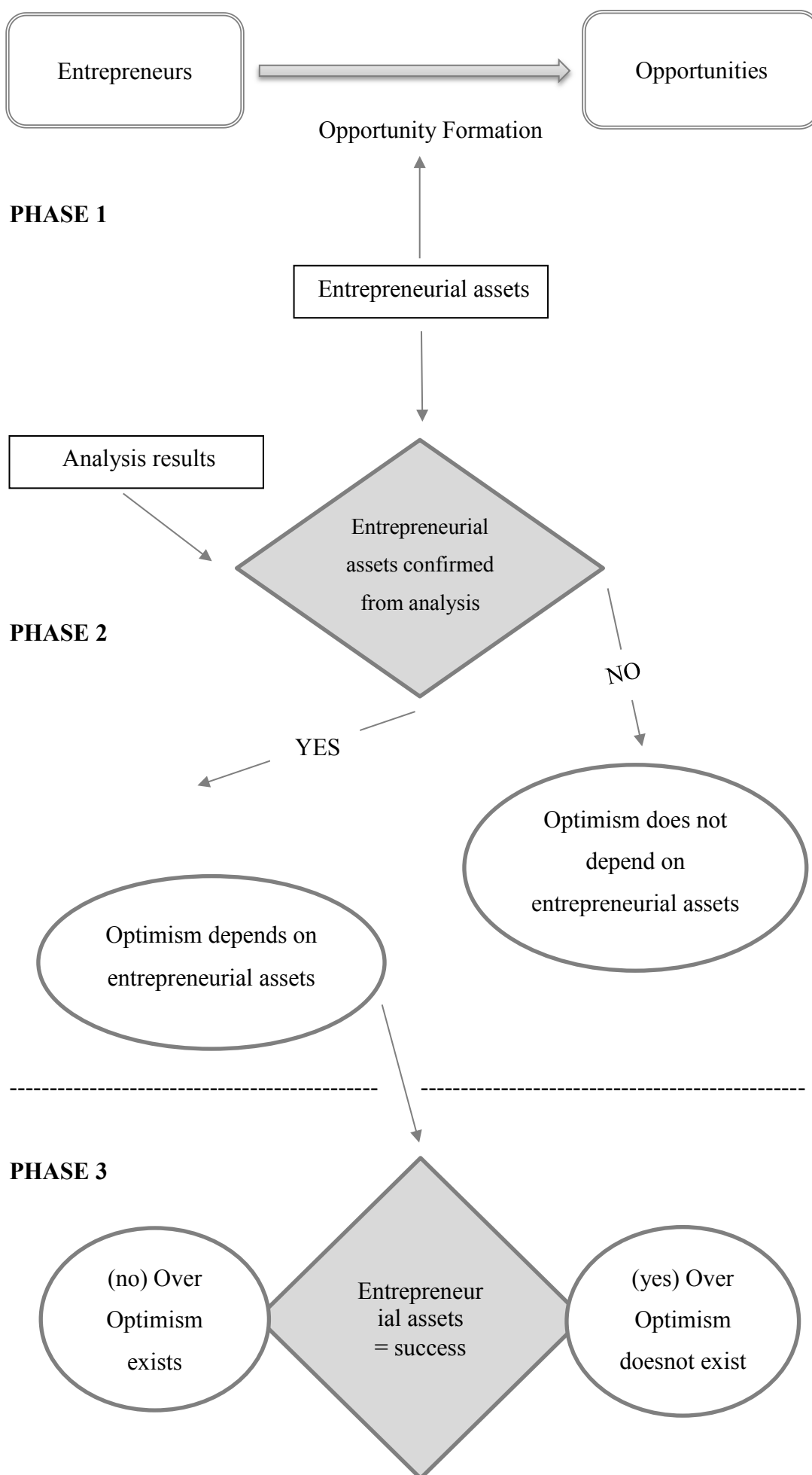
Phase 2: In phase 2 the framework intends to confirm the influence of entrepreneurial assets on entrepreneurial optimism. From literature review it is understood that entrepreneurial assets influence entrepreneurial assets. This idea is represented by the arrow pointing from “entrepreneurial assets” as an input to the condition diamond in the phase 2 of the framework diagram. The analysis results from the qualitative analysis will be another input to the conditional diamond. In the conditional diamond a comparison is performed between the analysis results and the “entrepreneurial assets”. The comparison is done by juxtaposition method. If similarity is found (assigned to “yes” of the diamond), then it can be confirmed that entrepreneurial optimism depends on entrepreneurial assets. On the contrary if contrasting results are found (assigned to the “no” of the diamond), it cannot be confirmed that entrepreneurial optimism depends on entrepreneurial assets.

Phase 3: In phase 3 the framework intends to test the hypothesis of over optimism through the analysis results. This phase builds on the results of phase 2 and is relevant if the result from the phase 2 was that entrepreneurial optimism depends on entrepreneurial assets. From the literature it was identified that there is no connection between the existence of entrepreneurial assets and guaranteed success. In the diagram this knowledge is represented by the conditional diamond in phase 3. For the purpose of our research the result of the conditional diamond is already identified as “no”, implying that if the result of the phase 2 is that entrepreneurial optimism depends on entrepreneurial assets, then the existence of over optimism in entrepreneurs can be confirmed consequently. If the result from phase 2 is that entrepreneurial optimism does not depend on entrepreneurial assets, then phase 3

cannot be tested based on phase 2. Although, the interview is designed to counter this redundancy. There are standalone questions in the interview regarding over optimism, which will help us answer the second research question either ways through thematic analysis

As a summary, the framework starts by understanding and reviewing the nature of the components, and eventually looks that entrepreneurial assets to explain and test their contribution to the entrepreneurial optimism.

Figure 2: Conceptual framework



4. METHODOLOGY

In this chapter, the methodology of this study is discussed. The chapter gives the process of how this study has been executed and how the conclusions are formed.

4.1. Research method

Post finalizing on the purpose of the research and the conceptual framework, the next question was to consider the research methodology that will be most suitable for the purpose of this research. Both qualitative and quantitative styles of research were considered to assess the suitability. The research could have taken the path of quantitative analysis of revenues and organizational expansion statistics. Quantitative methods are used extensively in situation where the research aims at studying things that can be measured and tested repeatedly. We could have performed our research quantitatively based on evaluating optimism through tangible assets like financial results and key performance indicators. Owing to the higher value that results when considering the intangible influencing factors like the entrepreneurial assets, we decided to further review the qualitative analysis method. Qualitative method is best suited for like perceptions and opinions. For immeasurable things like perceptions and qualities a qualitative method becomes more useful, in such situations qualitative methods take a holistic perspective preserving the complexities of human behavior by addressing the "why" and "how" questions (M Lakshman, L Sinha, M Biswas, M Charles, N K Arora, 2000). The important concepts of our study being perceptual phenomena, it made logical sense to choose the qualitative method. Hence, for the validation of the conceptual framework a qualitative analysis method was chosen. Throughout the process of methodologies review and to understand the validity of qualitative research techniques, Saunders et al. was extensively referred.

Once the qualitative research was chosen, there was the question of looking into which type of qualitative research approach best fits our research. Inductive and deductive approaches were the two approaches that were researched for this purpose.

Both inductive and deductive approaches are good at incorporating concepts and theories into a research.

The main idea of an inductive approach is in the direction of data to concepts. Implying that the concepts are developed based on the data and content that may already be existing or that can be collected. On the contrary the main idea of a deductive research is in the direction of concepts to data. Implying that the concepts already exist, and the data is collected after. Inductive approach is well suited for coming up with new concepts while deductive is well suited for testing an already existing concept. For the purpose of our research we will be using the *inductive approach*, as the concepts will be developed based on the data from the interviews.

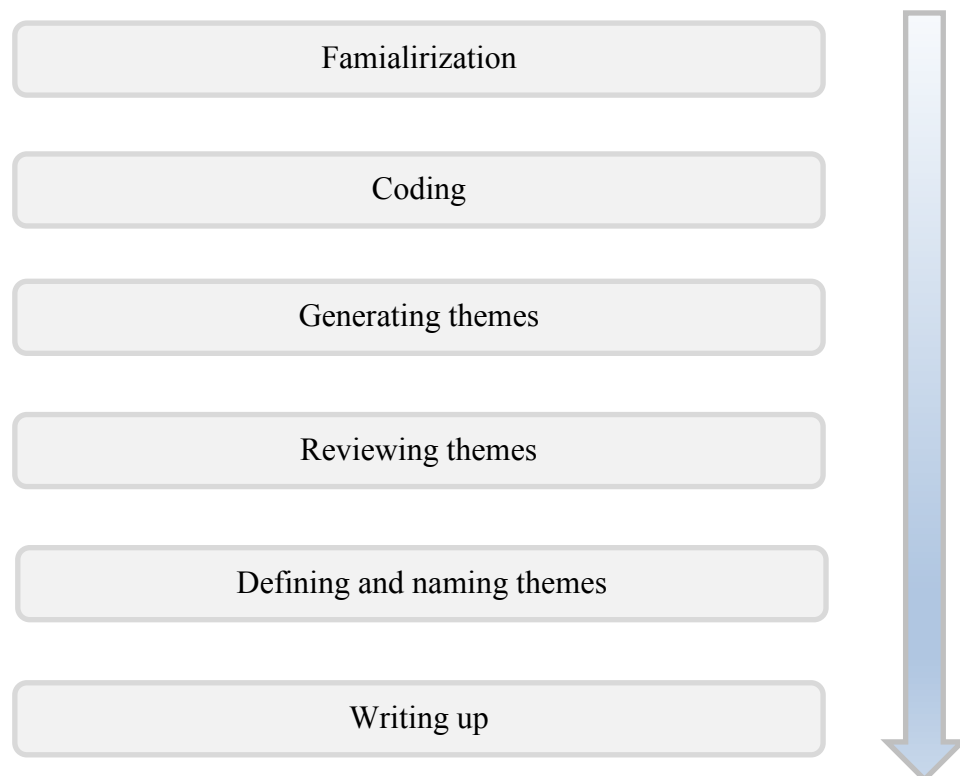
The final step in the process of the understanding and choosing research methodology, was to choose the type of qualitative method that will be employed. Post reviewing multiple qualitative research methods including grounded theory, ethnography, and phenomenology, the method chosen for the purpose of our study was the *thematic analysis*. Since identifying themes is one of the backbones of our study, the thematic analysis came up as an obvious choice. In the conceptual framework, themes form an integral part. Both the conditional diamonds in our conceptual framework work with themes for the purpose of analysis. The descriptive nature of the interview data that we plan to collect for the analysis, will be well served by the advantages of thematic analysis. Thematic analysis is a method for identifying, analyzing, organizing, describing, and reporting themes found within a data set (Braun & Clarke, 2006). One of the purposes of our research is to investigate the perceptual views of entrepreneurs to understand their behaviors, thought process and beliefs. For this reason, as well, the thematic analysis is suitable. Nowell et al, while quoting Braun and Clarke, 2006 & King, 2004 identify that thematic analysis is a useful method for examining the perspectives of different research participants, highlighting similarities and differences, and generating unanticipated insights. The trustworthiness of the thematic analysis was confirmed from literature review. It is our hope that the process of conducting a rigorous and trustworthy thematic analysis has been illustrated in a way that helps those in the process of interpreting and representing textual data (Nowell L. S., Norris, J. M., White, D. E., & Moules, N. J.,

2017). The process of thematic analysis that will be used in the study can be found in figure 3.

4.2. Thematic analysis

The flow of the thematic analysis process can be found in figure 3. The thematic analysis comprises of six phases namely, familiarization, coding, generating themes, reviewing themes, defining & naming themes and writing up.

Figure 3: Thematic analysis methodology



Source: Adopted from Nowell, Lorelli S., et al (2017)

For the purpose of the describing the methodology, we will look at an extract from one of the interview answers and proceed further with the analysis (Appendix 8.3, p.55).

“Are entrepreneurs optimistic. If so why?

Yes, entrepreneurs are optimistic. Entrepreneurs are optimistic because they want to do something on their own. Most are bored of their daily jobs and are almost always looking for freedom and ownership. The desire of huge profits which is possible only through entrepreneurship drives the optimism. Their rich knowledge in comparison to others also makes them optimistic. The knowledge can be from education or self-thought and learnt knowledge. All the fellow entrepreneurs I have met are optimistic. Entrepreneurs are craving to interact and to be part of a larger entrepreneurial circle. Within such groups and networks many competitive advantages can be developed.”

In the *familiarization stage*, post collecting all the answers, the answers were thoroughly reviewed. The answers were already in a way categorized owing to the eight specific questions that were part of the interviews. The extract used here can be found in the next page, mentioned inside quotes. The identified important phrases are underlined in the extract.

After the familiarization stage the stage of thematic analysis is the *coding* stage. In the coding stage phases and sentences in the extract are converted to codes. Codes from the above interview extract can be found in the below table 3.

Table 2: Identified codes

Codes		
Need for more freedom	Desire for higher profits	Want to be part of networks
Most are optimistic	Bored of daily jobs	Entrepreneurs are optimistic
Desire for ownership	Have more knowledge	Interact with each other
Social groups have advantages	Learnt knowledge creates optimism	
Self-thought knowledge creates optimism		

After the coding stage, the next stage in the analysis is *generating themes* stage. In this section by looking at the codes, particular patterns are identified, and themes developed. In the process of generating themes, multiple codes are considered, and a

single pattern or theme is identified. By considering codes we developed in the previous section the below themes were identified. The details are captured in table 4.

Table 3: Generating themes

Codes	Generated themes
Need for more freedom Bored of daily jobs	Unhappy with employment
Most entrepreneurs are optimistic Entrepreneurs are optimistic	Entrepreneurs are optimistic
Social groups have advantages Entrepreneurs interact with each other Want to be part of networks	Networks are desired
More knowledge creates optimism Self-thought knowledge creates optimism Learnt knowledge creates optimism	Knowledge creates optimism

An important part of the generating themes stage is that some of the themes that may not be relevant to our study or in some cases themes might come out as vague, can be removed. The next stage in the analysis is the stage of *reviewing themes*. Reviewing themes help to confirm and check by backtracking. In this step we look at the themes once again and validate them against the raw data that we used in the familiarization section. At this stage we confirm if the themes do indeed capture the data in an effective manner. Any changes to the themes that can contribute better towards our research can be done at this stage. In the case of our extract example we can easily remove the theme “unhappy with employment” as this is not relevant to our study and additionally the codes representing this theme are vague. Thus, the remaining four themes, namely “desire creates optimism”, “entrepreneurs are optimistic”, “networks create optimism” and “knowledge create optimism” make it to the next stage of the analysis.

The next stage in thematic analysis is the stage called *defining and naming themes*. In this stage the themes are given meaning. Who are the themes relevant to? What do the themes refer to? And the suitability of the themes is developed in this stage. With respect to the example that we are considering, the themes can be defined as “desire towards perceived profits creates optimism among entrepreneurs”, “most of the entrepreneurs are optimistic towards their venture”, “being part of networks can help create competitive advantages which creates optimism”, “knowledge about the market or generic knowledge that is helpful in entrepreneurship creates optimism”

All the right questions in the interviews contributed important and specific themes to the research. Step wise thematic analysis was performed on the data from each of the question. The themes developed question wise are discussed further in the analysis.

The final step in thematic analysis is *writing up*. Here all the themes that were developed will be written down in context and in relevance to the study. The writing up stage provides us the final findings from the data that was received from interviews.

4.3. Empirical research design

This section will discuss the design of an empirical research for the study. The intention of the empirical research design is to help evaluate the qualitative analysis results against the themes and findings from the literature review. The literature review was covered in the previous sections and in the process of the manuscript writing and research it was written prior to the empirical research design. The literature was written based primarily on research papers, journals, articles found on the internet and by searching for key words on databases. Some parts of the literature review present the views and findings of research papers, “as is” to help develop themes and set up a strong research-based platform for our study. In some other parts of the literature review a critical viewpoint process was employed to dig deeper into the literature and to come out with implied indirect findings and intrinsic dependencies. This way the literature ensured that it does not merely quote other research findings, while at the same time capturing the findings effectively. All together the literature review was written in a way to ensure that clear themes and

findings emerged, against which the qualitative analysis results can be compared with. Juxtaposition method will be used for the comparison of literature themes to the themes found from analysis results. As mentioned above, for the purpose of the research a qualitative data analysis method will be used. For this purpose, interview data analysis will be used. Qualitative data tend to be obtained from small groups, such as group of interviews or a focus group (Saunders et al., 2003).

4.4. Data collection

In this section we will cover the data collection procedure. For the purpose of the research data. After confirming that a qualitative method will be used, the next task was to decide if the interviews need to be structured or not. Three options were available, namely structured, unstructured and semi structured. As the names suggests, structured interviews are interviews where the questions are predefined and do not change during the interviews. In case of unstructured interviews, a theme drives the interviews with no predefinition or structure to the questions. Semi structured interviews fall in between where the interview starts as structured while having the scope to add or remove questions as the situation needs.

For the purpose of our study a semi structured interview type was chosen to collect data. To support the topic of our research the interviewees chosen either were entrepreneurs or had some experience related to entrepreneur ventures. The interviews contain directional questions with flexibility for the interviewee to answer. The interview questions were designed with two primary things in mind. Firstly, to ensure that the theme of the study and the theme of the research questions is maintained. Secondly, capture the perceptions and mindset of the interviewees by giving them some amount of freedom through answering open-ended questions. Questions were broadly designed to give out themes. These themes were based on the conceptual framework of the study. The interviews were sent out as an email, with the option given to the interviewee to answer it by written means or through a video call. The data from the interviews were collected and the answers were categorized in the order of these themes. After collecting and categorizing the data in themes, these themes were then written into findings. The findings then served as the data to be validated against the literature review in order to satisfy the conceptual framework.

The interviewees were carefully chosen to make sure that there was relevance to the topic of our research. In the interviews there were set of primary questions which provided the general direction to get information of the interviewee's personal and professional background. Further ahead in the interview the questions were specific to our research topic in order to qualify and facilitate our study. The specific interview questions were designed to follow two specific themes. One to understand the level of optimism in entrepreneurs and the other to understand the factors that were influential and on which the entrepreneurial optimism depended on. The interview has eight questions and contained a combination of direct questions and questions seeking descriptive answers. The interview process steps can be found in appendix 8.1.

Once the interview was designed, potential interviewees were contacted via email or phone call. All together six interviewees were contacted. All six agreed to interview for the study and gave a go to schedule the interviews at a time that suited both parties. For the purpose of the interview it was not possible to have face to face interactions, since the interview targets were in different parts of the globe. Owing to geographical constraints and the current COVID-19 situation, the interviews had to be done either through phone calls or in some cases via email interaction (As one individual preferred answering through writing methodology). Irrespective of the mode of the interview the basic idea and the direction of the questions remained the same and targeted the research questions of this study as the focus. At all stages of the interview, the attempt was to remain neutral in order to encourage the legitimacy of the answers. The questions in general were open ended questions facilitating the probing nature and encouraging the process of obtaining descriptive answers. The primary and secondary research questions of our study were used as pivotal themes to aid the interviews. To optimize the flow of the interview process, no hints or suggestions were provided to the interviews during the interview. The interview questions can be found in appendix 8.2. Once the interviewees confirmed of their interest in taking the interviews, the interviews were scheduled. The interviews that were on video/phone call began with a brief introduction about the research topic and the area of the research, while not revealing any data that could bias the answers. Post this the interview questions were put forward to the interviewee. In situations where parts of the questions were open ended, the interviewee was given no time constraint or word limit to answer. Once the interview was finished, answers to the questions

were easily categorized first. The answers were then converted to written form to identify themes. The analysis stage started after this procedure. The details of the interview can be found below in table 2. One complete interview with complete set of answers can be found in appendix 8.3.

Table 4: Interview statistics

Interview #	Sector of the venture	Interview duration	Interview mode
Interview 1	e-commerce	38 minutes	Video call
Interview 2	Music & entertainment	31 minutes	Video call
Interview 3	Pharmaceutical	54 minutes	Video call
Interview 4	Real estate	NA	email
Interview 5	Logistics	45 minutes	Audio call
Interview 6	Consulting	53 minutes	Video call

5. ANALYSIS

In this section we will discuss the analysis process of the data received from interviews. By following the thematic analysis process, specific themes are arrived at. Post arriving at the themes from the interview data, a three-stage analysis is performed. This will help validate the interview data against the conceptual framework.

The analysis has three stages, namely

1. (Stage 1) Retaining relevant themes, while eliminating non relevant themes
2. (Stage 2) Re-wording relevant themes to collective statements
3. (Stage 3) Juxtaposing collective statements with themes from literature review

As mentioned in the methodology section, the themes were developed separately for the eight interview questions to keep the analysis clear and distinct. All the answers received for a particular question from the six different interviewees were categorized together / interview question for the analysis

5.1. Stage 1

Below, the analysis starts with interview questions 1 and 2. The list of interview questions can be found in appendix 8.2.

Question 1: Were you optimistic about your start-up? If so why?

Question 2: Are entrepreneurs optimistic about their start-ups? If so why?

The answers to the above two questions were clubbed together to identify the themes. The themes that came out for these two questions are: a) Entrepreneurs are optimistic as it is a prerequisite to motivation and desire. b) Entrepreneurs are optimistic because they possess relevant knowledge about the market and entrepreneurial process. c) Entrepreneurs are optimistic because they need to be committed to the cause, which is only possible by being optimistic. d) Entrepreneurs are optimistic because of their previous positive work experience. e) Entrepreneurs are optimistic because they

might have easy access to funding in comparison to others. f) Entrepreneurs are optimistic because they believe in their assets. g) Entrepreneurs are optimistic because they are from specific groups where entrepreneurship is frequently discussed and analyzed. h) Entrepreneurs are optimistic because they believe that their idea is special.

By considering the relevance of the themes to our study, we identify that themes a), b), c), d), f), and g) are good to proceed to the next stage of the analysis.

Question 3: Kindly tell us a little about your Start-up? And how did it start and materialize?

The themes to this question are not covered as they are not specifically adding value to the findings or conceptual framework

Question 4: In your opinion is entrepreneurial optimism created/driven by the prior relevant knowledge?

a) Yes, entrepreneurial optimism is created/driven by prior knowledge. b) Knowledge includes the information about the markets, the analysis that might have been performed about potential customers and the generic knowledge one possesses about process of venture formation. c) All this knowledge certainly creates confidence and in effect entrepreneurial optimism in an entrepreneur.

From this question, themes a) and c) are retained for the next stage

Question 5: In your opinion is entrepreneurial optimism created/driven by educational background

a) Yes, entrepreneurial optimism is created/driven by educational background. b) All the entrepreneurs that were known to the interviewees came from eminent B schools or eminent technology universities. c) Education system plays an important role in teaching about entrepreneurship to students. d) Peers also play an important part in developing entrepreneurs. e) Along with this the networks breed optimism. f)

Although it also became evident from interviews that the percentage of students that become entrepreneurs is very less, hence just being from a particular university or education system may not result in entrepreneurs.

For this question, themes a), c), d), e) are retained

Question 6: In your opinion is entrepreneurial optimism created/driven by social and professional networks

a) Yes, entrepreneurial optimism is created/driven by networks. b) Networks are the most important entity for an entrepreneur. c) Entrepreneurs receive many suggestions, ideas and other help from support groups. d) Many entrepreneurs find partner entrepreneurs in networks.

For this question, theme a) is retained for the next stage

Question 7: In your opinion is entrepreneurial optimism created/driven by previous experience

a) Yes, previous work experience gives confidence and knowledge in general. This in turn creates optimism. b) Prior entrepreneurial experience may or may not create optimism. If the prior ventures failed, then because of it the entrepreneurs tend to be realistic or pessimistic. If prior ventures were successful, then entrepreneurs may tend to be more optimistic.

For this question, theme a) is retained for the next stage

Question 8: Were you overly optimistic about your venture? Are entrepreneurs overly optimistic about their ventures?

a) Entrepreneurs are certainly optimistic about my venture. When they look at it from a neutral point, they do believe that they were overly optimistic. b) Other entrepreneurs are overly optimistic. In some cases, they were overly optimistic without any reason or backing.

For this question, themes a) and b) are retained for the next stage

5.2. Stage 2

In this stage the themes retained from stage 1 are put together into collective statements. Five collective statements are arrived at, based on the stage 1 data. They are as below:

- Most entrepreneurs are optimistic towards their venture
- Relevant knowledge creates optimism
- Prior experience created optimism, while prior entrepreneurial experience may or may not create optimism
- Most entrepreneurs come from specific educational background
- Networks breed optimism

5.3. Stage 3

In stage 3, the results from stage 2 and the themes obtained from the literature review are juxtaposed and compared with each other. The same is captured in table 5.

In the table the themes identified in the literature review are on the left-hand side and the results from stage 2 of our analysis are on the right-hand side of the table. The themes on both sides are similar and have a high thematic correlation, while having no contrasting meanings or indications. The results of this comparative analysis gives us the final findings for our research. Going by the conceptual framework it is established that entrepreneurial optimism does in deed depend on the entrepreneurial assets. As a consequence, the existence of over optimism is also confirmed, It was also found from interview data that over optimism is an abundant phenomenon among entrepreneurs. Comprehensive findings are discussed in the conclusions and findings section.

Table 5: Comparing literature review and empirical study

Findings from literature review	Empirical findings
Optimism is highly evident among entrepreneurs towards an opportunity	Most of the entrepreneurs are optimistic towards their venture
Relevant knowledge increased entrepreneurial optimism	Relevant knowledge creates optimism
Priori experience increased entrepreneurial optimism	Prior experience created optimism entrepreneurial optimism may create
Educational background plays an important part in creating optimism	Most entrepreneurs come from specific educational background
Networks played an important part in breeding optimism	Networks breed optimism

6. CONCLUSIONS AND FINDINGS

This chapter captures and discusses the findings from the empirical study. The primary findings from the study in line with the research questions will be the initial section of the chapter. In subsequent sections, the contributions that the study makes to the theoretical and business areas are discussed. The chapter ends with the discussion on the limitations of this study and the possible areas of future research from this study.

6.1. Findings and discussion

From empirical study it was quite evident that “optimism is important” for an entrepreneur. Some of the words used with respect to optimism from the interview participants were “important”, “very Important” and “definitely Important”. Along with being important, optimism was also mentioned to be essential as entrepreneurs do not give up on their ventures easily. A sense of clinging was natural in most entrepreneurs, and on most occasions this clinging was backed and fueled by optimism. The other component of the relationship was the entrepreneurial assets. Several assets were investigated during the research and some identified to help us with the conceptual framework that we developed.

The primary question to guide our study is

“does entrepreneurial optimism depend on entrepreneurial assets?”

With respect to this question it was found that that entrepreneurial optimism depends on entrepreneurial assets. Yes, all the interviewees that were interviewed mentioned that they are or were optimistic about their ventures. The themes that came out for this question are: Entrepreneurs are optimistic as it is a prerequisite to motivation and desire. Entrepreneurs are optimistic because they possess relevant knowledge about the market and entrepreneurial process. Entrepreneurs are optimistic because they need to be committed to the cause, which is only possible by being optimistic. Entrepreneurs are optimistic because of their previous positive work experience. Entrepreneurs are optimistic because they might have easy access to funding in

comparison to others. Entrepreneurs are optimistic because they believe in their assets. Entrepreneurs are optimistic because they are from specific groups where entrepreneurship is frequently discussed and analyzed. Most entrepreneurs are optimistic because they believe that their idea is special. For the purpose of our study we considered entrepreneurial assets. In these lines, it was found that entrepreneurial optimism is created/driven by prior knowledge. Knowledge certainly creates confidence and in effect entrepreneurial optimism in an entrepreneur. Entrepreneurial optimism is created/driven by educational background. Being part of elite and important education systems provides easy access to learning and resources which creates optimism. Perhaps the most influential asset found to create/drive entrepreneurial optimism was networks. Entrepreneurs receive many suggestions, ideas and other help from support groups. Many entrepreneurs find partner entrepreneurs in networks. All this creates a very optimistic environment. It was also found that previous work experience gives confidence and knowledge in general. This in turn creates optimism. Overall it was conclusively found based on the conceptual framework that entrepreneurial optimism depends on entrepreneurial assets.

The secondary question for the study is

“are entrepreneurs overly optimistic about their future ventures?”

With respect to the secondary question of the research, we were able to get results that supports that entrepreneurs are unrealistic about their expectations. Time already spent on the venture and the effort already invested on the ventures fuels a sense of deeper attachment resulting in over optimism. Passions and emotions influence this phenomenon of over optimism about the opportunity. Entrepreneurs are certainly found to be optimistic about my ventures. When they look at it from a neutral point, they themselves believed that they were overly optimistic. In some cases, they were overly optimistic without any reason or backing.

Additional findings: Important finding from the research is that entrepreneurs believe that other entrepreneurs are overly optimistic in comparison to themselves. Prior entrepreneurial experience may or may not create optimism. If the prior ventures failed, then because of it the entrepreneurs tend to be realistic or pessimistic. If prior

ventures were successful, then entrepreneurs may tend to be more optimistic. Another important associated phenomenon that was found was that investors may be more supportive of optimistic entrepreneurs. Even though the investor associated phenomenon was not part of the research, the data seemed to support this consideration.

6.2. Theoretical implications

From the Literature review it was found that optimism is an abundant phenomenon in entrepreneurs. There was comparatively high volume of research found concentrating on external factors like environment and funding aspects. While, limited research was found towards the effects that behavioral entities like optimism have towards entrepreneurship. The aim of this study was to explore the relationship between entrepreneurial assets and entrepreneurial optimism. While exploring this relationship it became evident that various assets that the entrepreneur owns have significant influence on creating optimism and driving it further. It was found from our research that entrepreneurial optimism does indeed depend on the assets that the entrepreneur owns. This finding from our research adds substance to the nature of optimism. Literature review pointed that the behavior of optimism is mostly subjective in nature and illusionary. Our research gives optimism an objective purview by analyzing assets and providing tangible connections and explanations to the phenomenon. As our analysis is based on data and inputs from entrepreneurs in context with their entrepreneurial assets, the results are not affected by the subjectivity or thought process specific to the author. Overall the study fills the gaps that exist in understanding the relationship between entrepreneurial assets and optimism, and in effect entrepreneurial assets and dynamics of start-ups. The previous literature on over optimism in entrepreneurs come across as highly critical of entrepreneurs. Over optimism is visualized as a negative phenomenon and measures to countering over optimism are not looked at. Our study tries to connect entrepreneurial assets to over optimism to understand over optimism better. By concentrating on the solutions to address negative sides of over optimism, our study contributes to the theoretical development.

6.3. Managerial implications

The study provides a gauging tool for investors to evaluate the entrepreneur and the venture. Along with understanding the business idea and business plan of the entrepreneur, investors are known to evaluate the attitude and the behavioral nature of the entrepreneurs. Identifying the assets that the entrepreneur possesses can help understand the nature of entrepreneurial optimism. Implying, that, if the entrepreneur lacks assets and brings in high levels of optimism this could be considered a red flag by the investors. Conversely, if the entrepreneur has effective assets and comes in with proportional levels of optimism, this could be a positive and desirable for the investor.

Understanding how the assets that the entrepreneur possesses creates and sustains optimism can help answer many questions to entrepreneurs themselves. As most entrepreneurs can believe in success with disregard to statistics, the explanation for optimism through assets, that our study delivers, can provide increased understanding to entrepreneurs about why they might be unnaturally optimistic. Making necessary realistic amendments will result in positive outcomes. Developing necessary assets to back up the optimism that the entrepreneur may naturally possess will be beneficial.

6.4. Limitations of this study

The first limitation of this research is that the sample set for the study is small. The interviews were well planned, conducted and executed, and some high-quality data was obtained. With the sample set being small the data provides efficient themes and conclusions but generalizing the findings to all the entrepreneurs is not possible.

The second, is using thematic analysis. Compared to other qualitative analysis methods like grounded theory, ethnography and phenomenology, thematic analysis lacks substantial literature. The flexibility of thematic analysis was one of the primary reasons it was chosen for our study. This flexibility can in some cases lead to inconsistencies.

The third, is that many factors that influence entrepreneurship and optimism like performance and results were not tested or considered as defining factors in the research. Since it is understood that these factors influence optimism, it could be considered as a limitation for our research. The benefits or disadvantages of optimism in any level is beyond the scope of this paper as well.

6.5. Future avenues for research

Research findings from our study confirms the influence of entrepreneurial assets on entrepreneurial optimism. Confirming this implies that further research is now possible to investigate the entrepreneurial assets individually to find their possible influences and relationships with entrepreneurial optimism. Outside of optimism, our research opens avenues to understand the nature and origin of the entrepreneurial assets and how specifically they impact the ventures and the behavior of entrepreneurs. The importance of entrepreneurial assets is another direction in which future research can progress. Our secondary research question pointed out that most entrepreneurs are over optimistic. As a consequence of this finding, it will now be possible to evaluate how over optimism affects the results of entrepreneurs. By analyzing the optimism levels of an entrepreneur and coordinating this with the performance and results that the entrepreneur achieves, it will be possible to understand the positive or negative effects that over optimism bears on the performance and results. Future studies can concentrate on identifying and highlighting the negative effects that over optimism may have. Post identifying this, necessary adjustments to counter over optimism can be developed.

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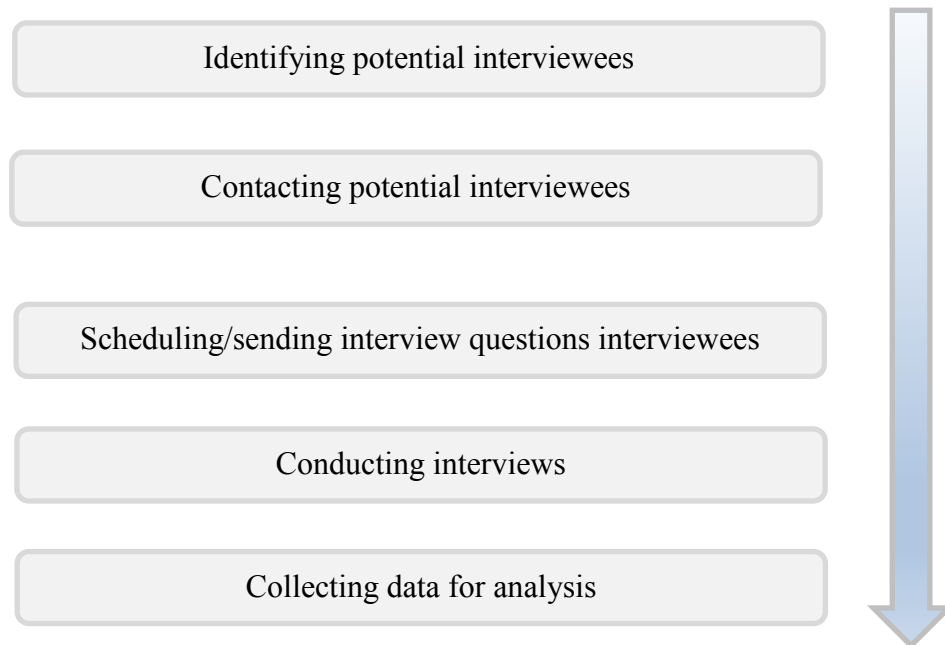
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8. APPENDIX

8.1. Interview process flow



8.2. Interview questions

The below are the questions that were sent out during the email interview process.

- Name
 - Age
 - The sector of your venture?
1. Kindly tell us a little about your Start-up? And how did it start and materialize?
 2. Were you optimistic about your start-up? If so why?
 3. Are entrepreneurs optimistic about their start-ups? If so why?
 4. In your opinion is entrepreneurial optimism created/driven by the prior relevant knowledge?

5. In your opinion is entrepreneurial optimism created/driven by educational background
6. In your opinion is entrepreneurial optimism created/driven by social and professional networks
7. In your opinion is entrepreneurial optimism created/driven by previous experience
8. Were you overly optimistic about your venture? Are entrepreneurs overly optimistic about their ventures

8.3. Interview example

1. Kindly tell us a little about your Start-up? And how did it start and materialize?

The business provides an online platform that focuses on developing technology and medium for developing the Indian music industry. The company develops products and solutions to help various stakeholders and players from the music industry and provides services to leverage web & eCommerce to collectively drive and promote music culture. We were a group of close friends from college and all shared a common passion for music. Our desire to explore the field of music was the main motivation behind the idea. Artists face a constant challenge to collaborate with other artists and traditionally proximity has had been a major driver for collaboration in music industry. We wanted to bridge this gap using technology by creating an online platform fostering collaboration.

2. Were you optimistic about your start-up? If so why?

Yes, I was optimistic. I believed that we had a good idea and that our start-up would be addressing an important gap in the market. We had done good market analysis and the knowledge in the area of media was going to be our strength.

3. Are entrepreneurs optimistic about their start-ups? If so why?

Yes, entrepreneurs are very optimistic about their start-ups. Entrepreneurs are optimistic because they want to do something on their own. Most of them might be bored of their daily jobs and are almost always looking for freedom and ownership. The desire of huge profits which is possible only through entrepreneurship drives the optimism. Their rich knowledge in comparison to others also makes them optimistic. All the fellow entrepreneurs I have met are optimistic. Entrepreneurs interact with each other and are craving to be part of a larger entrepreneurial circle. Within such groups and networks many competitive advantages can be developed.

4. In your opinion is entrepreneurial optimism created/driven by the prior relevant knowledge?

Yes. Knowledge about the market and the area of the start-up are very important. This will certainly result in optimism.

5. In your opinion is entrepreneurial optimism is created/driven by educational background

Yes. I see that most of the entrepreneurs I know come from B schools and top education institutions.

6. In your opinion is entrepreneurial optimism created/driven by social and professional networks

Yes. After knowledge, the most important thing for a start-up is to have networks. In fact, our start-up idea was conceived during one of the social interactions. Being part of a like-minded social or professional network definitely creates optimism and also helps when practical suggestions may be needed from peers or experts.

7. In your opinion is entrepreneurial optimism created/driven by previous experience

Yes. I did not have the confidence to venture out on my own when I was a fresher. The work experience gives confidence. Having worked for few years the optimism

towards your start-up will naturally grow. With work experience, individuals are better placed financially this also created optimism.

8. Were you overly optimistic about your venture? Are entrepreneurs overly optimistic about their ventures?

Yes, I do think I was overly optimistic. Yes, I found most entrepreneurs overly optimistic. I found most of them to be unrealistically optimistic especially in the beginning stages of the start-up.